



For professional investors only (in Switzerland for qualified investors).  
Not for use by retail investors. This is a marketing communication.  
Please refer to the fund's prospectus and Key Investor Information  
Document (KIID or KID) before making any final investment decision.

# Fund guide abrdn SICAV I – Global Mid-Cap Equity Fund

May 2023

## Key features

**>25 years**

investing in smaller companies

**c.50**

actively managed portfolio of  
c.50 high-quality companies

**Article 8**

classification under EU Sustainable  
Finance Disclosures Regulation (SFDR)

## Fund overview

This innovative global mid-cap fund is managed by Anjali Shah and our highly experienced and successful smaller companies equities team which has been running portfolios for more than 25 years.

The mid-cap strategy has similar characteristics to all other abrdn smaller companies strategies managed by the team. The Fund is:

- **a concentrated portfolio of around 50 companies** from both developed and emerging markets
- **focused on high-quality firms** with attractive growth and momentum characteristics
- **a bottom-up approach** assisted by a proprietary quant screening tool
- **exposed to some of the most exciting structural growth trends** across a variety of markets.

## What is a global mid-cap stock?

According to MSCI, mid caps make up 15% of all listed companies in each country. The size of a mid-cap stock varies by region.

In the US, for example, mid caps range from around \$10 billion to \$25 billion. The weighted average market cap of our portfolio is \$20.7bn<sup>1</sup>.

## Why choose global mid caps?

As measured by the MSCI World Index, **mid caps, like their small-cap peers, have significantly outperformed large caps over the longer term** (see Chart 1). This is just at the index level and we believe that our active approach has the potential to add significant additional value over the long term. However, they tend to be lower risk than small caps, so may be attractive to investors who have concerns over small-cap risk and liquidity (see risk commentary below).

Investing in mid caps gives investors access to a diverse group of companies, many of which are industry leaders in niche market segments. Additionally, they currently trade significantly below their historic valuation relative to their large-cap equivalents.<sup>1</sup> As such, we believe the asset class can be **an attractive complement to a large-cap-focused equity approach**.

<sup>1</sup> Source: abrdn as at 31 March 2023.

### Investment Objective

The Fund aims to achieve growth by investing in shares of mid-cap companies listed on global stock exchanges.

The Fund aims to outperform the MSCI ACWI Mid-Cap Index (USD) benchmark before charges.

<b>Fund manager(s)</b>	Anjli Shah
<b>Launch date</b>	24 April 2020
<b>Fund size</b>	USD 95.0m
<b>Base currency</b>	USD
<b>Number of holdings</b>	40-80 (target 50)

Source: abrdn, 31 March 2023.

### Risk factors you should consider before investing:

- The fund invests in equity and equity related securities. These are sensitive to variations in the stock markets which can be volatile and change substantially in short periods of time.
- A concentrated portfolio may be more volatile and less liquid than a more broadly diversified one. The fund's investments are concentrated in a particular country or sector, or closely related group of industries or sectors.

- The shares of small and mid-cap companies may be less liquid and more volatile than those of larger companies.
- Applying ESG and sustainability criteria in the investment process may result in the exclusion of securities within the fund's benchmark or universe of potential investments. The interpretation of ESG and sustainability criteria is subjective meaning that the fund may invest in companies which similar funds do not (and thus perform differently) and which do not align with the personal views of any individual investor.
- The use of derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as a failure amongst market participants. The use of derivatives may result in the fund being leveraged (where market exposure and thus the potential for loss by the fund exceeds the amount it has invested) and in these market conditions the effect of leverage will be to magnify losses.

To help you understand this fund and for a full explanation of risks and the overall risk profile of this fund and the share classes within it, please refer to the Key Investor Information Documents available in the local language, and Prospectus available in English, which are available on our website [abrdn.com](https://abrdn.com). The Prospectus also contains a glossary of key terms used in this document. A summary of investor rights can be found in English on our website [abrdn.com/corporate/legallyimportantinformation](https://abrdn.com/corporate/legallyimportantinformation)

# abrdn SICAV I – Global Mid-Cap Equity Fund

## What types of global mid caps are we looking for?

We believe that the market often systematically underestimates the rate and sustainability of returns that **high-quality** companies, with attractive **growth** and business **momentum** characteristics, can deliver over the long term. These companies typically dominate their respective niches, operate in attractive industries, are not dependent on external factors to succeed, have strong and stable management teams and attractive environmental, social and governance (ESG) credentials. We believe that these rare businesses that exhibit such highly desirable traits will not be subject to 'mean reversion' in their earnings growth, as predicted by most traditional investment theorists.

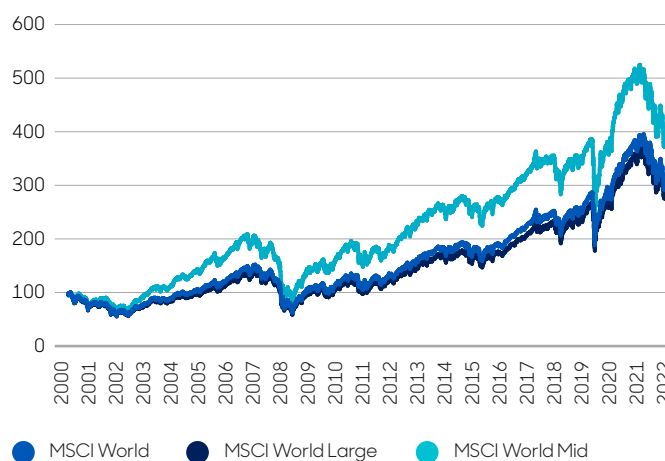
## Why are we confident in this strategy?

We have been successfully managing a UK mid-cap portfolio since 2002 as well as a global smaller companies strategy since 2012. Under-pinned by the same investment process, the mid-cap strategy leverages the breadth of the team's insights, including detailed information on strong-performing small-cap stocks that have graduated to mid-cap status.

## Why choose abrdn for mid caps?

Our 8-strong, dedicated smaller companies team manages over \$6.7bn<sup>2</sup> in assets in the UK, Europe and global categories. The team has demonstrated its expertise over a variety of timescales.

### Mid Caps have outperformed Large Caps over time



Source: Morningstar Direct, 31 December 2000 to 31 December 2022, TR, USD.

Past performance is not a guide to future results.



"Mid caps offer many of the same attributes of fast-growing small caps, but with less volatile returns. That's why we think investors should consider an allocation to the asset class as part of their wider investment portfolio."

Anjli Shah

Investment Director, Smaller Companies

<sup>2</sup> Source: abrdn as at 31 December 2022.

# abrdn SICAV I – Global Mid-Cap Equity Fund

## First-class resources

Relative to the companies that dominate most global equity portfolios, mid caps are often under-researched. They therefore present an **opportunity for well-resourced, skilled stock-pickers to find companies before they graduate to the large-cap elite.**

To cover this market, we first use the Matrix, our quant-based proprietary screening tool. This gives us objective coverage of around 1,500 mid-cap stocks. It highlights companies that have the quality, growth and momentum characteristics that our team deems attractive.

Thereafter, our team conducts further in-depth analysis to generate a list of high-conviction investment ideas. At all times, **the team can draw upon the insights of our c. 110 analysts globally**, many of whom have extensive mid-cap expertise and knowledge.

Our global reach means we are plugged into local markets, helping us understand a company's ecosystem, including its suppliers, peers and end-customers. This on-the-ground expertise also allows us to engage with management teams and key decision-makers, enabling us to get to know a business and its prospects before we invest.

## A potentially lower-risk approach

Some investors are concerned that small- and mid-cap companies are too risky. All equity investing carries risk, and this can grow as you move down the market-cap scale. Indeed, small- and mid-cap companies have historically delivered more volatile returns than their larger peers in most regions. This is because their shares are often the first to fall when the economy deteriorates or investors become more cautious. There is also a liquidity risk. Less people hold small- and mid-cap stocks, making them relatively harder to sell when markets are falling. Relative to small-cap stocks however, mid-cap stocks tend to be lower risk – less volatile, with lower drawdowns and greater liquidity.

**We believe we can mitigate that risk by investing in high-quality companies.** The mid cap universe offers numerous profitable, well-managed companies. Many have strong balance sheets, clear ESG credentials and defensible competitive advantages. A sizeable percentage are founder-owned and are in charge of their own destinies. It is such quality that we actively seek; it is such quality that we think helps mitigate risk.

## Chart 2 – Types of company within the portfolio



### Small-Cap Graduates

- High Matrix score
- Names that we've held in the small-cap portfolios that have graduated into the mid-cap index
- Allows us to continue to benefit from names that would previously have been sold from small-cap strategies
- Predictable business and earnings momentum is a powerful factor



### Leveraging abrdn Equity Research Platform

- High Matrix score
- Ideas drawn from the breadth of mid-cap names covered by Equity colleagues across the globe
- Quality, Growth, Momentum analysis overlayed on top of existing research on names of interest
- Collaboration broadens the reach of our fundamental research



### New Global Mid-Cap Ideas

- High Matrix score
- All analysis conducted by members of the smaller companies team
- Quality, growth, momentum mid caps overlooked by regional teams
- Harness our strong global corporate access

# abrdn SICAV I – Global Mid-Cap Equity Fund

## Active ESG engagement

We embed ESG analysis in our research and it is a core part of our investment process. This is because we believe:

- ESG factors are financially material and impact corporate performance
- understanding ESG risks and opportunities, alongside other financial metrics, helps us to make better investment decisions
- informed and constructive engagement helps foster better companies, enhancing the value of our clients' investments.

**At abrdn, we strive to be an industry leader in ESG, with over 50 specialists around the world providing analysis and insight.** This includes ESG experts within our equity teams. This level of resource and knowledge gives our small- and mid-cap strategies, we believe, a distinct advantage in this essential area.

## How do we build the portfolio?

We give each stock a qualitative Quality rating. This helps us exclude companies with material ESG risks and positively skews the portfolio towards ESG opportunities. Meanwhile, our Quantitative ESG House score allows us to exclude companies exposed to the highest ESG risk. We believe this enables us to build a well-diversified, risk-adjusted portfolio.

## Negative criteria

We use negative criteria to avoid investing in certain industries and activities which might concern our clients. Areas include weapons, tobacco and thermal coal.

## Putting it all together

Company meetings and additional analysis allow us to cross-check the veracity of our investment thesis, and assess the strength of a company's business model. Team-based peer review is key to determining how much we like a company and also key to identifying risks. The manager then chooses what she believes to be the best c.50 stocks that make up the final portfolio. These are stocks where analyst and team conviction is the strongest.

## Carbon footprint

The Fund will target a Carbon Intensity that is at least 10% lower than the benchmark, as measured by the abrdn Carbon Footprint Tool (which uses Trucost data for Scope 1&2 emissions). This tool enables analysis of company, sector, and the overall portfolio's carbon footprint.



**"A major part of our small-cap process is that we 'run our winners'. However, this has meant that, on numerous occasions, market-cap restrictions have forced us to sell companies as they graduated into major corporations and industry leaders. Our mid-cap strategy will allow us to capture these stocks at the next stage of their growth, giving our clients access to what we consider to be some of the best names in the world."**

**Anjli Shah**

Investment Director, Smaller Companies



### Risk factors you should consider before investing:

The fund invests in equity and equity related securities. These are sensitive to variations in the stock markets which can be volatile and change substantially in short periods of time.

A concentrated portfolio may be more volatile and less liquid than a more broadly diversified one. The fund's investments are concentrated in a particular country or sector, or closely related group of industries or sectors.

The shares of small and mid-cap companies may be less liquid and more volatile than those of larger companies.

Applying ESG and sustainability criteria in the investment process may result in the exclusion of securities within the fund's benchmark or universe of potential investments. The interpretation of ESG and sustainability criteria is subjective meaning that the fund may invest in companies which similar funds do not (and thus perform differently) and which do not align with the personal views of any individual investor.

The use of derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as a failure amongst market participants. The use of derivatives may result in the fund being leveraged (where market exposure and thus the potential for loss by the fund exceeds the amount it has invested) and in these market conditions the effect of leverage will be to magnify losses.

To help you understand this fund and for a full explanation of risks and the overall risk profile of this fund and the share classes within it, please refer to the Key Investor Information Documents available in the local language, and Prospectus available in English, which are available on our website [abrdn.com](http://abrdn.com). The Prospectus also contains a glossary of key terms used in this document. A summary of investor rights can be found in English on our website [abrdn.com/corporate/legal](http://abrdn.com/corporate/legal).

### Important Information

The value of investments and the income from them can go down as well as up and investors may get back less than the amount invested. Past performance is not a guide to future results.

abrdn is a global business providing a range of services to help clients and customers plan, save and invest. abrdn group uses different registered legal entities to meet different client and customer needs. Some elements of the abrdn client experience may contain previous brand names until all brand name changes have completed.

The Fund is a sub-fund of a abrdn SICAV I, a Luxembourg-domiciled UCITS fund, incorporated as a Société Anonyme and organized as a Société d'Investissement à Capital Variable (a "SICAV"). A summary of investor rights can be found in English on our website [abrdn.com/corporate/legal](http://abrdn.com/corporate/legal). Any decision to invest should take into account all objectives of the fund. To help you understand this Fund and for a full explanation of risks and the overall risk profile of this fund and the shareclasses within it, please refer to the Key Investor Information Documents available in the local language, and Prospectus available in English, which are available on our website [abrdn.com](http://abrdn.com). The Prospectus also contains a glossary of key terms used in this document. This Fund concerns the acquisition of units or shares in a fund, and not in a given underlying asset such as a building or shares of a company.

Details of our Sustainable and Responsible Investment Approach are published at [abrdn.com](http://abrdn.com) under Sustainable Investing.

In Spain, abrdn SICAV I has been registered with the Comisión Nacional del Mercado de Valores under the number 107.

In the United Kingdom: Deemed authorised and regulated by the Financial Conduct Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website. Under Luxembourg law, there is no compensation scheme available to UK investors in funds managed by such firms, which includes this Fund.

The Fund has been authorised for public sale in certain jurisdictions and private placement exemptions may be available in others. It is not intended for distribution or use by any person or entity that is a citizen or resident of or located in any jurisdiction where such distribution, publication or use would be prohibited.

This information is intended to be of general interest only and should not be considered as an offer, investment recommendation or solicitation to deal in the shares of any securities or financial instruments. Subscriptions for shares in the fund may only be made on the basis of the latest prospectus, relevant Key Investor Information Document (KIID) and, in the case of UK investors, the Supplementary Information (SID) for the fund which provides additional information as well as the risks of investing. These may be obtained free of charge from the Fund Management company abrdn Luxembourg S.A. 35a, Avenue J.F. Kennedy, L-1855 Luxembourg or the local paying agents detailed below. All documents are also available on **abrdn.com**. The Fund Management company may terminate arrangements for marketing the fund under the Cross-border Distribution Directive denotification process. In Switzerland these documents along with the funds' articles of association can be obtained from the fund's Representative and Paying Agent, BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, CH8002 Zürich, Switzerland (Tel. 058 212 63 77). These documents and the articles of incorporation are available in English/Italian/German/ French free of charge on **abrdn.com**. The views expressed in this document should not be construed as advice on how to construct a portfolio or whether to buy, retain or sell a particular investment. The information contained in the document is only intended for qualified investors pursuant to Art. 10(3) and (3ter) of the Swiss Federal Law of Collective Investment Schemes ("CISA"). The information is being given only to those persons who have received this document directly from abrdn Investments Switzerland AG and must not be acted or relied upon by persons receiving a copy of this document other than directly from abrdn Investments Switzerland AG. No part of this document may be copied or duplicated in any form or by any means or redistributed without the written consent of abrdn Investments Switzerland AG. The information contained herein including any expressions of opinion or forecast have been obtained from or is based upon sources believed by us to be reliable but is not guaranteed as to the accuracy or completeness.

Tax treatment depends on the individual circumstances of each investor and may be subject to change in the future. You should obtain specific professional advice before making any investment decision. In Italy these documents can be obtained from one of the Paying Agents listed in the prospectus of the fund. In Germany these documents can be obtained from the Paying Agent Marcard, Stein & Co. AG, Ballindamm 36, D-20095 Hamburg. In Austria from the Fund's Representative and Paying Agent Raiffeisen Bank International AG, Am Stadtpark 9, A-1030 Wien. In Belgium, these documents can be obtained from the Fund's Paying Agent, BNP Paribas Securities Services, Succursale de Bruxelles, 489, Avenue Louise, 1050 Bruxelles.

**In Italy** these documents can be obtained from one of the Paying Agents listed in the prospectus of the fund. **In Germany** these documents can be obtained from the Paying Agent Marcard, Stein & Co. AG, Ballindamm 36, D-20095 Hamburg. **In Austria** from the Fund's Representative and Paying Agent Raiffeisen Bank International AG, Am Stadtpark 9, A-1030 Wien. **In Belgium**, these documents can be obtained from the Fund's Paying Agent, BNP Paribas Securities Services, Succursale de Bruxelles, 489, Avenue Louise, 1050 Bruxelles.

**United Kingdom (UK):** Issued by abrdn Investments Luxembourg S.A. 35a, Avenue J.F. Kennedy, L-1855 Luxembourg, RCS No.B120637. Authorised in Luxembourg and regulated by CSSF.

**Austria, Belgium, Denmark, Finland, Ireland, Italy, Luxembourg, Norway, Portugal, Spain, and Sweden:** Issued by abrdn Investments Luxembourg S.A. 35a, Avenue J.F. Kennedy, L-1855 Luxembourg, RCS No.B120637. Authorised in Luxembourg and regulated by CSSF.

**Switzerland:** Issued by abrdn Investments Switzerland AG. Registered in Switzerland (CHE-114.943.983) at Schweizergasse 14, 8001 Zürich.

For more information visit [abrdn.com](https://abrdn.com)

**abrdn.com**

STA0523519580-001